

## **2013 DRAFTING REQUEST**

### **Bill**

Received: **10/9/2012** Received By: **jkreye**  
Wanted: **As time permits** Companion to LRB:  
For: **Administration-Budget** By/Representing: **Lawrence**  
May Contact: Drafter: **jkreye**  
Subject: **Tax, Other - miscellaneous** Addl. Drafters:  
Extra Copies:  
  
Submit via email: **YES**  
Requester's email:  
Carbon copy (CC) to: **joseph.kreye@legis.wisconsin.gov**

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### **Pre Topic:**

DOA:.....Lawrence, BB0079 -

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### **Topic:**

Tax exemptions for certain WHEFA bonds

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### **Instructions:**

See attached

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### **Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 10/9/2012	scalvin 10/9/2012		_____			
/1	jkreye 11/7/2012	scalvin 11/8/2012	10/9/2012	_____	sbasford 10/9/2012		State Tax
/2			11/8/2012	_____	srose 11/8/2012		State Tax

FE Sent For:

<END>

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/?	jkreye 10/9/2012	scalvin 10/9/2012	12/8/12	11/8/12			
/1			10/9/2012		sbasford 10/9/2012		State Tax
		1/2 SAC 11/8/12					

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1/?	jkreye	sac /1 10/9/12	sac /1 10/9/12				
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*10/9/12*

FE Sent For:

<END>

0279  
**Kreye, Joseph**

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**From:** Hanaman, Cathlene  
**Sent:** Monday, October 08, 2012 8:45 AM  
**To:** Kreye, Joseph; Shovers, Marc  
**Subject:** FW: Statutory Language Drafting Request

Is this you?

**From:** [jeffrey.lawrence@wisconsin.gov](mailto:jeffrey.lawrence@wisconsin.gov) [mailto:[jeffrey.lawrence@wisconsin.gov](mailto:jeffrey.lawrence@wisconsin.gov)]  
**Sent:** Tuesday, October 02, 2012 2:01 PM  
**To:** Hanaman, Cathlene  
**Cc:** Gauger, Michelle C - DOA; Lawrence, Jeffrey R - DOA; Thornton, Scott - DOA  
**Subject:** Statutory Language Drafting Request

**Biennial Budget:** 2013-15

**DOA Tracking Code:** BB0079

**Topic:** State Tax Exemptions for Certain Bonds Issued by the Authority

**SBO Team:** HSI

**SBO Analyst:** Lawrence, Jeff - DOA  
**Phone:** (608) 267-9546  
**E-mail:** [jeffrey.lawrence@wisconsin.gov](mailto:jeffrey.lawrence@wisconsin.gov)

**Agency Acronym:** WHEFA

**Agency Number:** 440

**Priority:** High

**Intent:**

Background: Under current law, the interest income to Wisconsin taxpayers who own bonds issued by WHEFA is exempt from Wisconsin income taxation only if the proceeds of such bonds are used by a health facility to acquire information technology hardware or software. The interest income on all other bonds issued by WHEFA is subject to the payment of Wisconsin income tax. In the 2011-13 state budget, Governor Walker attempted to level the playing field among the various Wisconsin bond issuers by allowing WHEFA to issue bonds to finance or refinance projects, the interest on which would be exempt from state income tax where such an exemption already exists, pursuant to Wisconsin statute through another Wisconsin issuer. The Legislative Fiscal Bureau concluded that this proposal would not have a negative fiscal impact on the state's revenues. Removal of this budget bill provision by the Joint Finance Committee left WHEFA at a competitive disadvantage to other issuers who can offer the state tax exemption.

Proposed Budget Request #2: Allow all bonds issued by WHEFA to be exempt from state income tax when such an exemption is already available through another conduit issuer:

Amend section 71 of the Wisconsin statutes to provide that the interest income on bonds issued by WHEFA under Chapter 231 is exempt from Wisconsin income taxation if such bonds are issued for the benefit of a person who is eligible to receive the proceeds of bonds issued by another issuer for the same

purpose for which the WHEFA bonds would be issued and the interest income received on those other bonds, if so issued, would be exempt from Wisconsin income taxation.

**Attachments:** False

*Please send completed drafts to [statlanguage@wisapps.wi.gov](mailto:statlanguage@wisapps.wi.gov)*



State of Wisconsin  
2013 - 2014 LEGISLATURE



LRB-02797

DOA:.....Lawrence, BB0079 – Tax exemptions for certain WHEFA bonds

**FOR 2013-2015 BUDGET – NOT READY FOR INTRODUCTION**

in 10-9-12

1 AN ACT ...; relating to: ???

*Analysis by the Legislative Reference Bureau*

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

2

(END)



State of Wisconsin  
2011 - 2012 LEGISLATURE



LRB-0687/P1

JK:jld:rs

DOA:.....Skwarczek, BB0142 – Tax exemption for interest earned from bonds issued by WHEFA

**FOR 2011-13 BUDGET — NOT READY FOR INTRODUCTION**

1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**TAXATION** ✓

**INCOME TAXATION** ✓

Under current law, the interest income from bonds issued by WHEFA is exempt from income taxation if the bond proceeds are used by a health facility to acquire information technology hardware or software. Under this bill, the interest income from bonds issued by WHEFA is also exempt from income taxation if the bonds are issued to a person who is eligible to receive bonds from another issuer for the same purpose and the interest income received from the other bonds is exempt from taxation.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***



**SECTION 1.** 71.05 (1) (c) 11. of the statutes is created to read:

71.05 (1) (c) 11. The Wisconsin Health and Educational Facilities Authority under s. 231.03 (6), if the bonds or notes are issued to a person who is eligible to receive bonds or notes from another issuer for the same purpose for which the person is issued bonds or notes under s. 231.03 (6) and the interest income received from the other bonds or notes is exempt from taxation under this subchapter.

**SECTION 2.** 71.26 (1m) (L) of the statutes is created to read:

71.26 **(1m)** (L) Those issued under s. 231.03 (6), if the bonds or notes are issued to a person who is eligible to receive bonds or notes from another issuer for the same purpose for which the person is issued bonds or notes under s. 231.03 (6) and the interest income received from the other bonds or notes is exempt from taxation under this subchapter.

**SECTION 3.** 71.45 (1t) (L) of the statutes is created to read:

71.45 (1t) (L) Those issued under s. 231.03 (6), if the bonds or notes are issued to a person who is eligible to receive bonds or notes from another issuer for the same purpose for which the person is issued bonds or notes under s. 231.03 (6) and the interest income received from the other bonds or notes is exempt from taxation under this subchapter.

**SECTION 9341. Initial applicability; Revenue.**

(1) INTEREST INCOME EXEMPTION. The treatment of sections 71.05 (1) (c) 11., 71.26 (1m) (L), and 71.45 (1t) (L) of the statutes first applies to taxable years beginning on January 1, ~~(201)~~<sup>2014</sup>.

**(END)**

## Kreye, Joseph

---

**From:** Lawrence, Jeffrey R - DOA <Jeffrey.Lawrence@wisconsin.gov>  
**Sent:** Wednesday, November 07, 2012 1:16 PM  
**To:** Kreye, Joseph  
**Subject:** WHEFA Stat Language Draft  
**Attachments:** Chapter 231 Revisions.pdf.pdf

Mr. Kreye-

I have received revisions to a statutory language request from WHEFA, which I have attached. Please let me know if you need anything further, thank you.

Jeff Lawrence  
State Budget Office



State of Wisconsin  
2013 - 2014 LEGISLATURE



LRB-0279/1

JK:sac:rs

11/6/12

DOA:.....Lawrence, BB0079 - Tax exemptions for certain WHEFA bonds

**FOR 2013-2015 BUDGET — NOT READY FOR INTRODUCTION**

1

AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**TAXATION**

**INCOME TAXATION**

Under current law, the interest income from bonds issued by WHEFA is exempt from income taxation if the bond proceeds are used by a health facility to acquire information technology hardware or software. Under this bill, the interest income from bonds issued by WHEFA is also exempt from income taxation if the bonds are issued to a person who is eligible to ~~receive bonds from~~ another issuer for the same purpose and the interest income received from the other bonds is exempt from taxation.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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2

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*The proceeds of**are issued**for the benefit of*

1 71.05 (1) (c) 11. The Wisconsin Health and Educational Facilities Authority  
 2 under s. 231.03 (6), if the bonds or notes are issued to a person who is eligible to  
 3 receive bonds or notes from another ~~issuer~~ <sup>entity</sup> for the same purpose for which the ~~person~~  
 4 ~~is issued~~ bonds or notes under s. 231.03 (6) and the interest income received from the  
 5 other bonds or notes is exempt from taxation under this subchapter.

6 SECTION 2. 71.26 (1m) (L) of the statutes is created to read:

7 71.26 (1m) (L) Those issued under s. 231.03 (6), if the bonds or notes are issued  
 8 ~~to~~ <sup>for the benefit of</sup> a person who is eligible to receive bonds or notes from another ~~issuer~~ <sup>entity</sup>  
 9 purpose for which the ~~person is issued~~ <sup>are issued</sup> bonds or notes under s. 231.03 (6) and the  
 10 interest income received from the other bonds or notes is exempt from taxation under  
 11 this subchapter. *if so issued, would be*

12 SECTION 3. 71.45 (1t) (L) of the statutes is created to read:

13 71.45 (1t) (L) Those issued under s. 231.03 (6), if the bonds or notes are issued  
 14 ~~to~~ <sup>for the benefit of</sup> a person who is eligible to receive bonds or notes from another ~~issuer~~ <sup>entity</sup>  
 15 purpose for which the ~~person is issued~~ <sup>are issued</sup> bonds or notes under s. 231.03 (6) and the  
 16 interest income received from the other bonds or notes is exempt from taxation under  
 17 this subchapter. *if so issued, would be*

18 SECTION 9337. Initial applicability; Revenue.

19 (1) INTEREST INCOME EXEMPTION. The treatment of sections 71.05 (1) (c) 11., 71.26  
 20 (1m) (L), and 71.45 (1t) (L) of the statutes first applies to taxable years beginning on  
 21 January 1, 2013.

22 (END)

*under s. 66.1201 (14)(a), s. 66.133 (5)(a) 4.c., or  
 s. 66.1335 (5m)*

*if so issued, would be*

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

0279/2 dn

DN

Jeff:

Please note that I did not include the cross-references to s. 66.1201, 66.1333, or 66.1335 because those sections do not provide the exemptions.

The exemptions are all listed in the appropriate sections of ch. 71. See, for example, s. 71.05(1)(c)

10. c.

JK



State of Wisconsin  
2013 - 2014 LEGISLATURE



LRB-0279/1

JK:sac:rs

PM ~~m~~ R

DOA:.....Lawrence, BB0079 - Tax exemptions for certain WHEFA bonds'

**FOR 2013-2015 BUDGET — NOT READY FOR INTRODUCTION**

in 11-7-12

D-N

1 **AN ACT ...; relating to: the budget.**

for the benefit of

*Analysis by the Legislative Reference Bureau*

**TAXATION**

bond proceeds

**INCOME TAXATION**

entity

Under current law, the interest income from bonds issued by WHEFA is exempt from income taxation if the bond proceeds are used by a health facility to acquire information technology hardware or software. Under this bill, the interest income from bonds issued by WHEFA is also exempt from income taxation if the bonds are issued to a person who is eligible to receive bonds from another issuer for the same purpose and the interest income received from the other bonds is exempt from taxation.

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2 under s. 231.03 (6), if the bonds or notes are issued to a person who is eligible to  
3 receive bonds or notes from another *entity* issuer for the same purpose for which the *person*  
4 *are issued* is issued bonds or notes under s. 231.03 (6) and the interest income received from the  
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9 purpose for which the *the proceeds of* *are issued* person is issued bonds or notes under s. 231.03 (6) and the  
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11 this subchapter.

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16 interest income received from the other bonds or notes is exempt from taxation under  
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21 January 1, 2013.

22 (END)

*for the benefit of*

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-0279/2dn  
JK:sac:ph

November 8, 2012

Jeff:

Please note that I did not include the cross-references to s. 66.1201, 66.1333, or 66.1335 because those sections do not provide the exemptions. The exemptions are all listed in the appropriate section of ch. 71. See, for example, s. 71.05 (1) (c) 10. c.

Joseph T. Kreye  
Senior Legislative Attorney  
Phone: (608) 266-2263  
E-mail: [joseph.kreye@legis.wisconsin.gov](mailto:joseph.kreye@legis.wisconsin.gov)





State of Wisconsin  
2013 - 2014 LEGISLATURE



LRB-0279/2  
JK:sac:ph

DOA:.....Lawrence, BB0079 – Tax exemptions for certain WHEFA bonds

**FOR 2013-2015 BUDGET — NOT READY FOR INTRODUCTION**

1 **AN ACT ...; relating to:** the budget.

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*Analysis by the Legislative Reference Bureau*

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